Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

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PAGE 01 STATE 087973
ORIGIN TRSE-00

INFO OCT-01 ARA-06 ISO-00 EB-08 STR-04 ITC-01 COME-00
SP-02 L-03 CIAE-00 INR-07 NSAE-00 /032 R

DRAFTED BY TREAS: J.SWEENEY
APPROVED BY ARA/ECA:RWZIMMERMANN
TREAS:ODP:R.PELIKAN
TREAS:OASIA:A.NACHMANOFF
TREAS:OASIA:C.F.BERGSTEN
STATE:ARA/ECA:T.SHUGART
ARA/ECP:WBURSON
EB/GCP: RLANDERS
EB/STA: PJONES
STR (INFO): BSTEINBACH
----------201306Z 021343 /41
R 192223Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA

C O N F I D E N T I A L STATE 087973

E.O. 11652: GDS

TAGS:

SUBJECT: BLUMENTHAL-SIMONSEN MEETING

1. ON APRIL 6, 1977, SECRETARY BLUMENTHAL MET WITH FINANCE MINISTER SIMONSEN TO DISCUSS BILATERAL ECONOMIC ISSUES. THE PRINCIPAL ITEMS DISCUSSED WERE PRESIDENT CARTER'S DECISION ON IMPORTS OF NON-RUBBER FOOTWEAR, COUNTERVAILING DUTIES, AND THE IRS TAX CREDIT RULING.

2. ON THE FIRST POINT SIMONSEN EXPRESSED DEEP GRATIFICATION THAT THE ITC RECOMMENDATION ON SHOE IMPORTS WOULD NOT BE IMPLEMENTED AND THAT NO ORDERLY MARKETING AGREE-
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PAGE 02 STATE 087973

MENT (OMA) WOULD BE SOUGHT WITH BRAZIL PROVIDED THAT THERE WAS NO SURGE IN SHOE EXPORTS TO THE U.S.

3. DISCUSSIONS ON OTHER TRADE QUESTIONS RESULTED IN A STANDOFF. THE BRAZILIANS EXPRESSED INTEREST IN WORKING OUT ARRANGEMENTS TO OBTAIN WAIVERS ON COUNTERVAILING DUTIES FOR SPECIFIC PRODUCTS (COTTON YARN WAS MENTIONED

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

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SPECIFICALLY). SECRETARY BLUMENTHAL SUGGESTED AN EFFORT TO ADDRESS THE ISSUE NOT ON A PRODUCT-BY-PRODUCT BASIS BUT RATHER THROUGH A BROADER ACROSS THE BOARD APPROACH (WHICH WOULD INVOLVE A PROGRESSIVE LIBERALIZATION OF THE BRAZILIAN EXPORT SUBSIDY SYSTEM). MINISTER SIMONSEN

CITED THE DIFFICULTIES OF SUCH AN APPROACH FOR BRAZIL, AND NOTED THAT NOT MANY COUNTERVAILING DUTY CASES NOW APPEARED TO BE COMING UP IN THE FORESEEABLE FUTURE. NO AGREEMENT WAS REACHED ON THIS QUESTION.

4. THE BRAZILIANS WERE ALSO INFORMED OF THE IRS PROPOSAL TO REVERSE A RULING IT MADE LAST YEAR WHICH ALLOWS U.S. LENDERS TAX CREDITS FOR TAXES PAID ON INTEREST INCOME IN BRAZIL BUT ASSURED THAT THERE WOULD BE NO RETROACTIVE APPLICATION AND THE U.S. WOULD DO ALL IT COULD TO HELP EASE THE IMPACT OF THIS DECISION ON BRAZIL'S CAPITAL MARKETS. WE EXPECT THE GOB TO RESPOND TO THIS QUESTION AT A LATER DATE.

5. SECRETARY BLUMENTHAL SUGGESTED THAT THE TWO COUNTRIES SHOULD MOVE MORE RAPIDLY TOWARD A BILATERAL TAX TREATY. MINISTER SIMONSEN AGREED. HOWEVER, NO DEADLINE OR SCHEDULE FOR THE NEXT NEGOTIATION WAS PROPOSED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOTWEAR, COUNTERVAILING DUTIES, MEETINGS
Control Number: n/a
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Sent Date: 19-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE087973
Document Source: CORE
Document Unique ID: 00
Drafter: J.SWEENEY
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Format: TEL
From: STATE
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770441/aaaabjpe.tel
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Litigation History:
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
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Review Withdrawn Fields: n/a
SAS ID: 2760468
Secure: OPEN
Status: NATIVE
Subject: BLUMENTHAL-SIMONSEN MEETING
TAGS: ETRD, BR, US
To: BRASILIA
Type: TE
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EO Systematic Review
22 May 2009
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